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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
28 October 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Khrushchev's Press Conference
on 25 October 1963

1. Khrushchev took advantage of the presence in Moscow of more than 50 Communist and leftist journalists from Asia, Africa, Latin America, and Europe to make his first major statement in several months on a wide range of foreign and domestic questions. The tone of his remarks reflected his apparent concern that publicity in the non-Communist world concerning Soviet agricultural failures and the split with the Chinese Communists has not only degraded the USSR's power position but may encourage the West to try to take advantage of this situation.

2. Khrushchev clearly was seeking to refurbish the image of the USSR as a confident and growing world power when he predicted the eventual solution of weaknesses in Soviet agriculture, forecast substantial overfulfillment of the industrial goals of the seven-year plan and warned the West not to expect that current Soviet economic problems will lead to a relative decline in the USSR's military strength. He appeared sensitive to Western speculation that Soviet defense spending will have to give way to provide resources for his ambitious program for the chemical industry. He challenged alleged statements by the "imperialists" that the West will "exceed the Soviet Union in the development of military technology," and asserted that "what we did for defense before, we will continue to do. The rockets have already been built and stand where they should stand." He added that "expenditures for the development of chemistry and irrigation will not reflect on our defense."

3. These remarks provided no additional specific information on Khrushchev's intentions with regard to his military programs. It continues to seem

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probable that any serious attempt to implement his new economic course will require a reduction in the rate of growth of military expenditures, though not necessarily a cutback in the absolute level of these expenditures.

4. Khrushchev's statement on a manned lunar landing suggests that at least one program bearing on defense may already have fallen victim to his new economic priorities. It should be noted, however, that Khrushchev's actual remarks hardly warrant the dramatic US news agency treatment that the Soviet premier has "withdrawn" from the moon race. In response to a question whether Soviet cosmonauts plan a moon flight in the "not too distant future," Khrushchev replied, "I cannot at present say when this will be done." He added that the USSR has no "present plans" for a lunar landing, but said that Soviet scientists are working on the problem and that the "necessary research is being done." Khrushchev's subsequent comments on the US lunar program seem to convey strong skepticism regarding the feasibility of such an operation at this time. He contended that no benefits would be derived from Soviet-US competition in this field and said "much work will have to be done and good preparations made for a successful flight to the moon by man."

5. Although we would not discount the importance of economic factors in Khrushchev's downgrading of a manned lunar operation, it is worth recalling that his remarks closely parallel views expressed last July by the president of the Soviet Academy of Sciences. This official claimed that Soviet scientists, at least for the time being, regard manned lunar missions as unfeasible because of the hazards of solar flares and the tremendous launch propulsion requirements. He added that unmanned instrumented probes can solve the scientific problems involved in lunar explorations more cheaply and quickly.

6. Khrushchev's remarks on major foreign policy issues contained no hints of any abrupt departures from the current "detente" line. His statement on the German problem, however, reflected the frustrations long experienced by the Soviet leaders over their inability to interest the West in serious negotiations on Berlin and Germany during periods of relative relaxation of tensions. He asserted that if the Western

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powers are genuinely interested in a relaxation of tension, they "must adopt a more realistic position" toward a German settlement. On Cuba, the Soviet premier seemed to go out of his way to refute Western speculation regarding growing Soviet-Cuban differences. He made the customary references to "national hero Comrade Fidel Castro" leading the Cubans in building a "socialist society." He also pointed out that the USSR had decided to render "fraternal assistance" in overcoming hurricane destruction in Cuba. Khrushchev appealed to "peoples the world over" to demand renunciation by US "aggressive circles" of hostile actions against Cuba, "without which no real easing of international tension can be achieved."

7. Khrushchev renewed the call for a cessation of Sino-Soviet polemics, last voiced in the Soviet government statement of 21 September. But aside from seeking to portray the USSR as calm and confident of its eventual vindication in the dispute--"Let time determine which point of view is the most correct"--his comments provided no further indications of Soviet intentions with regard to a possible international Communist conference in the near future.

8. On the domestic front, Khrushchev blamed this year's crop failure on "bad climatic conditions," which is in large part true. But he also admitted by implication that there are other fundamental disorders in Soviet agriculture--for one, the cumulative effect of many decades of under-investment in the agricultural program. He reiterated his new panacea--a drastic increase in the production of chemical fertilizer and much more extensive irrigation--with its implied redress of agriculture's long-standing position at the bottom of the Soviet scale of resource allocations. The program, essentially, is to increase fertilizer output from the present 20 million tons to 35 million tons "or more" by 1965, thus bringing Soviet production even with the present US level. By 1970, the USSR plans to produce about 100 million tons of fertilizer annually. Along with this, extensive irrigation projects are to be undertaken, though these goals have been even less clearly spelled out.

9. For the first time, Khrushchev gave some idea of the magnitude of his plans for the chemical industry, which, besides laying heavy emphasis on fertilizer, are

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apparently also to favor the production of synthetic materials and fibers. He said that as a preliminary estimate, 20 billion rubles would be invested in the next seven years. (A ruble is nominally equal to \$1.11). This compares to a planned investment in the industry for the present Seven-Year Plan period (1959-65) of 10.0-10.5 billion rubles and a performance of the last five years of less than half that amount.

10. Khrushchev seemed keenly aware of the pressures on economic resources which this undertaking will entail. He admitted that some branches of the economy will have to be "restrained" somewhat during the next three or four years, although he did not identify them. It seems likely that many economic programs will have to be trimmed in the search for resources.

11. Khrushchev clearly indicated that the current purchases of wheat are needed for domestic requirements and that without them the government would have been forced to introduce rationing. He hedged on the present US-Soviet grain talks, however, saying that the USSR might not buy US wheat if "discriminatory conditions" are attached. While the Soviets are in a relatively better bargaining position now that large purchase agreements have been concluded with Canada and Australia, they probably continue to have a pressing need for more wheat and there are indications that they will need fodder grain as well.

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